

CRA Public Hearings  
August 12, 2010  
Federal Reserve Bank of Chicago

Alejandro Orozco  
Vice President, Community Development Officer  
Bankers Trust  
405 7<sup>th</sup> St.  
Des Moines, IA 50309  
515-245-2920  
[aorozco@bankerstrust.com](mailto:aorozco@bankerstrust.com)  
[www.bankerstrust.com](http://www.bankerstrust.com)

Remarks:

The current requirements for defining an assessment area and the geographical coverage of banking services requirements should not differ between institutions of different size, or different business strategy for delivery banking services. The most significant part of CRA is to ensure that the earnings from deposits are returned back, and invested in the low- and moderate-income communities where depositors reside. Other considerations should not deviate the regulators from applying the same lending, service and investment requirements to all deposit institutions.

*With regards to access to banking services, our institution established a small-dollar loan program for low-income individuals with poor credit history, as an alternative to high cost debt, such as pay day lending. After one year and a half of implementing the program the percentage of loans reported as charge-offs was over 30%. We believe the cause if this default rate was the lack of capacity and resources by our partner organization in providing financial education and budgeting sessions with the borrowers. A block of appropriations under the CRA could allocate competitive grants for NGOs in communities providing financial education as a component of a small dollar loan program, or as a component in other community-wide initiatives to provide meaningful financial education. HUD community block grants for first-time and low-income home-owners do not provide sufficient funding to sustain thousands of hours educating people with no access to credit.*

Another alternative supported by the FDIC after analysis of its small-dollar loan pilot program, is establishing pools of governmental and private funds to serve as guarantees. This may require legislative action but is well-needed for making banking services more readily available to low-income communities.

*As for ratings and incentives, the regulatory definition of community development could be broader by defining with precision what "essential community needs" means and its representative evidence during examinations.*

*With regards to CRA disclosures and performance evaluations, currently, the agencies use asset and deposit size, number and location of branches, size of assessment area*

and other indicators that will identify “similarly-situated” institutions for performance context and comparison. However, there are instances where none of the peer institutions in an assessment area are actually comparable to the institution under examination. The problem is that some examiners will proceed and assess the performance of an institution based partially on the performance of others institutions of significant different characteristics.

These and other subjective interpretation of performance indicators should be avoided in public evaluations in order to maintain clear compliance measurements and enhance clarity of CRA examinations.

Thank you.